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TAGS: ETRD ENRG EFIN COMECON EEC

SUBJ: CEMA EXECUTIVE COMMITTEE MEETING IN MOSCOW: FOCUS ON
ENERGY, INTEGRATION AND EAST-WEST COOPERATION

REF: BELGRADE 5545

1. SUMMARY. OVER PAST SEVERAL DAYS SOVIET PRESS HAS
PUBLISHED UNUSUALLY DETAILED COMMUNIQUE REPORTING ACCOM-
PLISHMENTS OF RECENT MEETING OF CEMA EXECUTIVE COMMITTEE.
THE SESSION APPROVED FORMATION OF THREE NEW SPECIALIZED
ASSOCIATIONS IN AREAS OF ELECTRIC POWER AND TEXTILES,
CONCLUDED AGREEMENTS ON CHEMICAL INDUSTRY PRODUCTION, AND
REVIEWED STATUS OF GEOLOGICAL SURVEYS FOR CEMA AREA FUEL
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ANE MINERALS. FURTHER STEPS WILL BE TAKEN IN 1974 FOR

CONTACTS WITH "OTHER INTERNATIONAL ECONOMIC ORGANIZATIONS." OVERALL CAST OF MEETING POINTS TO INCREASED CEMA EMPHASIS ON ENERGY DEVELOPMENT, FURTHER INTRA-CEMA SPECIALIZATION IN SPECIFIC INDUSTRIAL SECTORS, AND PROBABLE NEW ATTEMPTS TO ESTABLISH LINKS WITH COMMON MARKET. IN BRIEF, NEW STEPS FORWARD IN CEMA'S INTEGRATION PROGRAM AND CONTINUED EFFORTS TO BUILD UP IMAGE AS EQUAL TO EEC. END SUMMARY.

2. UNUSUALLY DETAILED OFFICIAL COMMUNIQUE OF SIXTY-FIFTH MEETING OF CEMA EXECUTIVE COMMITTEE (MOSCOW DEC 11-13) AND INFORMATION OBTAINED FROM DIPLOMATIC/SOURCES IN MOSCOW, INDICATES THAT MEETING PROBABLY ONE OF MORE IMPORTANT TO TAKE PLACE IN LAST FEW YEARS. ACCOMPLISHMENTS REPORTED IN COMMUNIQUE INCLUDE FOLLOWING:

A) ESTABLISHMENT OF THREE NEW SPECIALIZED ORGANIZATIONS,--INTERATOMENERGO FOR COOPERATION IN PRODUCTION OF EQUIPMENT, INSTRUMENTS, SPARE PARTS AND MATERIALS FOR ATOMIC ELECTRIC POWER STATIONS, ALSO TRAINING OF SPECIALIZED PERSONNEL, ASSISTANCE IN PLANNING AND INITIAL OPERATION; INTERELEKTRO, FOR MAXIMUM FULFILLMENT OF ELECTRIC POWER REQUIREMENTS OF CEMA COUNTRIES THROUGH EXPANSION OF PRODUCTION AND SCIENTIFIC-TECHNICAL COOPERATION; INTERTEKSTILMASH FOR COOPERATION, SPECIALIZED PRODUCTION, SCIENTIFIC RESEARCH AND PROJECT CONSTRUCTION IN THE TEXTILE INDUSTRY;

B) AGREEMENT BY CHEMICAL MINISTRIES OF ALL MEMBER COUNTRIES EXCEPT MONGOLIA AND CUBA ON ESTABLISHMENT OF SPECIAL PRODUCTION CAPACITY FOR PESTICIDES AND CHEMICALS TO PROTECT PLANTS;

C) REVIEW AND APPROVAL OF REPORT OF PERMANENT CEMA COMMITTEE ON FINANCIAL AND HARD-CURRENCY MATTERS, CONCERNED WITH IMPROVEMENT OF HARD CURRENCY OPERATIONS AND CREDITS "IN ECONOMIC AND SCIENTIFIC COOPERATION AMONG CEMA COUNTRIES;"

D) REVIEW OF REPORT OF PERMANENT COMMISSION ON GEOLOGY CONCERNED WITH PROVISION OF NECESSARY FUEL AND LIMITED OFFICIAL USE

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MINERAL SUPPLIES FOR CEMA COUNTRIES, AND INSTRUCTION TO COMMISSION TO CONTINUE WORK ON COORDINATED, CEMA-WIDE, GEODETIC EXPLORATION FOR PERIOD THROUGH 1980;

E) REVIEW OF REPORT OF PERMANENT COMMISSION FOR CHEMICAL INDUSTRY WHICH DISCUSSED CONSTRUCTION OF SPECIAL PIPELINE NETWORK FOR TRANSPORT OF ETHYLENE IN CEMA AREA AND YUGOSLAVIA;

F) ACCEPTANCE OF YUGOSLAV PROPOSAL FOR "EXPANSION OF COOPERATION IN CONSTRUCTION WORK BY THE SFRY IN CEMA COUNTRIES;"

G) APPROVAL OF PLANNED MEASURES DURING 1974 FOR ESTABLISHING CONTACTS BETWEEN CEMA AND "INTERNATIONAL ECONOMIC ORGANIZATIONS."

3. COMMENT: OVERALL IMPRESSION GAINED FROM REPORTS OF THIS MEETING IS ONE OF INCREASED ATTENTION TO DEVELOPMENT OF ENERGY RESOURCES, AND A FURTHER USE OF SPECIAL ECONOMIC ASSOCIATIONS--PARALLELING THE LARGER CEMA PERMANENT COMMISSIONS--TO ACHIEVE FASTER AND MORE PRECISE INTEGRATION IN ACCORDANCE WITH THE GOALS LAID DOWN BY THE CEMA COMPLEX PROGRAM LAUNCHED IN 1971. THE THREE NEW ASSOCIATIONS BRING THE TOTAL OF SUCH SPECIALIZED GROUPS TO SEVEN, ACCORDING TO THE EMBASSY'S COUNT. INTERATOMENERGO IS THE SECOND SPECIALIZED CEMA ASSOCIATION CONCERNED WITH ATOMIC ENERGY, FOLLOWING THE ESTABLISHMENT OF INTERATOMINSTRUMENT IN 1972. INTERELEKTRO WILL UNDOUBTEDLY WORK WITH THE "MIR" HIGH-VOLTAGE TRANSMISSION GRID AUTHORITY WHICH WAS ESTABLISHED IN 1959 AND SEEKS TO COORDINATE EXCHANGE OF ELECTRIC POWER BETWEEN DIFFERENT CEMA COUNTRIES WHOSE PEAK LOAD PERIODS DIFFER.

4. THE REFERENCE TO THE REPORT OF THE PERMANENT COMMISSION ON GEOLOGY AND THE IMPORTANCE OF INSURING ADEQUATE RESERVES OF FUEL REFLECTS MOSCOW'S CRUCIAL PROBLEM OF DEVELOPING RESERVES AND ATTEMPTING TO MEET EAST EUROPEAN CEMA REQUIREMENTS.

5. THE APPROVAL OF PLANNED MEASURES TO BE TAKEN DURING LIMITED OFFICIAL USE

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1974 FOR ESTABLISHING CONTACT WITH "INTERNATIONAL ECONOMIC ORGANIZATIONS" CONFIRMS RECENT INDICATIONS THAT THE CEMA SECRETARIAT (OR, ALTERNATIVELY, READ USSR) FULLY INTENDS TO CONTINUE EFFORTS TO ESTABLISH SOME KIND OF COOPERATIVE RELATIONSHIP WITH THE COMMON MARKET, DESPITE THE RATHER NEGATIVE RESPONSE RECEIVED BY CEMA EXECUTIVE SECRETARY FADEYEV IN HIS INITIAL APPROACH TO THE EEC ON THIS SUBJECT IN AUGUST.

6. THE OFFICIAL COMMUNIQUE NOTES THAT "THE EXECUTIVE COMMITTEE" AGREED WITH THE PROPOSAL OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA ON THE EXPANSION OF SFRY COOPERATION IN THE AREA OF CONSTRUCTION (BELGRADE'S REFTEL). WE CONCUR THAT THIS WILL PROBABLY MEAN INCREASED ACTION BY YUGOSLAV CONSTRUCTION FIRMS IN CEMA COUNTRIES,

IN ADDITION TO WORK ALREADY UNDER WAY IN ERECTION OF HOTELS
ON THE BLACK SEA COAST OF THE USSR AND A TRUCK PLANT IN
CZECHOSLOVAKIA. THE SOVIET PRESS HAS MADE NO REFERENCE
TO POSSIBLE FINANCING OF CONSTRUCTION PROJECTS IN
YUGOSLAVIA BY THE CEMA INTERNATIONAL INVESTMENT BANK (IIB),
BUT THE POSSIBILITY OF IIB PARTICIPATION IN FINANCING OF
THE ADRIA PIPELINE FROM RIJEKA NORTHWARD TO BRATISLAVA
AND BUDAPEST SEEMS AN OBVIOUS FIRST CHOICE. TO DATE,
HOWEVER, IIB OFFICIALS WITH WHOM EMBASSY HAS SPOKEN IN
MOSCOW HAVE INSISTED THAT THERE HAS BEEN NO OFFICIAL
CONSIDERATION OF POSSIBLE IIB FINANCING FOR THIS PROJECT.
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